

City of San Diego
Notice of Public Hearing for Proposed
Community Development Block Grant
Third Substantial Amendment to the
Fiscal Year 2009 Annual Action Plan

The City of San Diego was awarded \$14,852,251 in Community Development Block Grant (CDBG) funds in Fiscal Year (FY) 2009. Of these CDBG funds, the San Diego Housing Commission was allocated a total of \$1,277,478 for various housing and public facilities projects. The San Diego Housing Commission has requested the reallocation of \$1,097,478 of these FY 2009 CDBG funds to the Parker-Kier Apartments Rehabilitation Project. The proposed reallocation of these funds would require the submission of a Third Substantial Amendment to the City of San Diego's FY 2009 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD). An electronic copy of the report summarizing the proposed reallocation and Third Substantial Amendment will be posted on the City's CDBG website at www.sandiego.gov/cdbg/general from August 11 – September 14, 2009.

The proposed reallocation and Third Substantial Amendment will be considered by City Council during their regularly scheduled meeting on September 13th or 14th, 2010 at:

City Administration Building
Council Chambers, 12th Floor
202 C Street
San Diego, CA 92101

Public comments will be accepted during this hearing. In addition, written comments will be accepted prior to the public hearing at the CDBG Program Office (1200 Third Avenue, Suite 1400, San Diego, CA 92101) or by email (vwhite@sandiego.gov) through September 14, 2010.

EXECUTIVE SUMMARY SHEET

CITY OF SAN DIEGO

DATE ISSUED: August 4, 2010
ATTENTION: Council President and City Council
ORIGINATING DEPARTMENT: City Planning and Community Investment
SUBJECT: Fiscal Year 2009 CDBG Funding Reallocation and Third
Substantial Amendment to the Fiscal Year 2009 Annual Action
Plan
COUNCIL DISTRICT(S): Council District 2
CONTACT/PHONE NUMBER: Vickie White/619-236-6607

REQUESTED ACTIONS:

1. Approve the reallocation of \$1,097,478 in Fiscal Year 2009 Community Development Block Grant (CDBG) funds awarded to the San Diego Housing Commission (SDHC) for the Affordable Housing Program project to the Parker-Kier Apartments Rehabilitation project;
2. Authorize the Mayor or his designee to submit to the Department of Housing and Urban Development (HUD) a Third Substantial Amendment to the City's Fiscal Year 2009 Annual Action Plan to reflect the reallocation of \$1,097,478 in CDBG funds to the Parker-Kier Apartments Rehabilitation project;
3. Authorize the Mayor or his designee to negotiate and execute an agreement with SDHC for the Parker-Kier Apartments Rehabilitation project, contingent upon the Chief Financial Officer certifying that the approved funds are available

STAFF RECOMMENDATIONS:

Approve the Requested Actions.

SUMMARY:

The Community Development Block Grant (CDBG) Program is administered by the CDBG Program staff of the City Planning and Community Investment Department's Economic Development Division. CDBG Program staff is responsible for grant compliance and the overall administration of the City's CDBG Program. Each year, the City is obligated to follow a "consolidated planning" process defined by HUD, the funding agency for the CDBG Program, to ensure community involvement, project eligibility, and a strategic approach to utilizing CDBG funds. Grantees are required to submit both a five-year strategic plan and annual action plans (which are subject to HUD approval) in order to be approved for funding.

On May 6, 2008, the City Council appropriated the City of San Diego's Fiscal Year (FY) 2009 CDBG award in the amount of \$14,852,251 and the allocation of those funds to the activities and projects identified in the FY 2009 Annual Action Plan. The FY 2009 CDBG allocations included a total of \$1,277,478 to the San Diego Housing Commission (SDHC) for the Affordable Housing Program project. To date, the City has entered into a contract with SDHC for the expenditure of \$180,000 of the CDBG funds allocated to the Affordable Housing Program. The remaining FY 2009 CDBG funding in this project remains unexpended.

SDHC has made a request to the CDBG Program Office to reallocate the remaining \$1,097,478 in FY 2009 funds from the Affordable Housing Program project to the Parker-Kier Apartments Rehabilitation project. The Parker-Kier Apartments project falls into the Minor Residential

Rehabilitation eligible activity category, and will rehabilitate a SDHC-owned 33-unit multi-family apartment building that currently provides permanent supportive housing and affordable housing for very-low income persons. Please see attached Housing Commission Report HCR 10-084 for details on the project scope.

The current total of FY 2009 CDBG funds allocated to projects in the Minor Residential Rehabilitation activity category is \$1,139,282.57. The proposed reallocation of the unexpended FY 2009 SDHC funds would require that these funds, which are currently under to another activity category, be shifted to the Minor Residential Rehabilitation activity category. This would increase the total FY 2009 CDBG funds allocated to Minor Residential Rehabilitation by more than 30 percent, which triggers the requirement in the City's Consolidated Plan that the CDBG Program Office submit a Substantial Amendment to the City's FY 2009 Action Plan to HUD for approval prior to proceeding with the project. The proposed Substantial Amendment would be the third Substantial Amendment to the FY 2009 Annual Action Plan.

SDHC staff requests that Council approve the reallocation of \$1,097,478 in FY 2009 CDBG funds to the Parker-Kier Apartments Rehabilitation project. Additionally, CDBG Program staff requests that City Council authorize the Mayor or his designee to submit to HUD a Third Substantial Amendment to the City's Fiscal Year 2009 Annual Action Plan to reflect the reallocation of \$1,097,478 in CDBG funds to the Parker-Kier Apartments Rehabilitation project, and authorize the Mayor or his designee to negotiate and execute an agreement with SDHC for the project.

EQUAL OPPORTUNITY CONTRACTING:

San Diego Housing Commission is a Government Agency, and as such, is exempt from submitting Work Force Reports. Refer to San Diego Municipal Code Section 22.2703 (c).

This agreement is not subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708).

This Agreement is subject to the Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

FISCAL CONSIDERATIONS:

This action will not result in any fiscal impacts to the City's General Fund. Funds are available from the U.S. Department of Housing and Urban Development (HUD).

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

City Council – May 6, 2008: Approval of Fiscal Year 2009 CDBG funding allocations.
Housing Authority – July 20, 2010: Approval of Parker-Kier Apartments Rehabilitation Project.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

A Public Notice for the proposed reallocation is being published in the San Diego Daily Transcript, La Prensa, the Voice & Viewpoint, Channel 24 (CityTV), and the City's CDBG program webpage (www.sandiego.gov/cdbg/general). The public will have an opportunity to comment when the City Council considers adoption of the reallocation at a public meeting.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Residents of Council District 2 and low- and moderate-income persons citywide.



Beth Murray
Deputy Director
Economic Development Division



William Anderson, FAICP
Director
City Planning & Community Investment



EXECUTIVE SUMMARY

DATE ISSUED: May 28, 2010

REPORT NO: HCR 10-084

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of June 18, 2010

SUBJECT: Rehabilitation of Parker-Kier Building

COUNCIL DISTRICT: 2

SUMMARY:

Present scope and budget for rehabilitation and modernization of permanent supportive and very low income housing at a 33-unit Housing Commission-owned building located at 2172 Front Street.

STAFF RECOMMENDATION:

1. Approve the following actions supporting the Parker-Kier Rehabilitation that do not require Housing Authority approval:
 - a. Select Overland, Pacific, & Cutler, the lowest of three bidders, to carry out relocation activities required in preparation for the Parker-Kier rehabilitation;
 - b. Issue a Request for Qualifications for architects with expertise in specialized areas and select the most responsive to prepare detailed specifications for the Parker-Kier rehabilitation; and
 - c. Authorize the CEO, or designee, to execute contracts for relocation and for architectural consulting.
2. Approve and seek Housing Authority approval for the following actions supporting rehabilitation of the Housing Commission-owned Parker-Kier Building (Del Mar Apartments) and its continued use for permanent supportive and affordable very low income housing:
 - a. Approve \$3,635,587 of Community Development Block Grant (CDBG), HOME, Cal State and Local Housing Trust funds for rehabilitation and ancillary costs;
 - b. Solicit bids for the rehabilitation work and accept the most responsive bid;
 - c. Solicit proposals from supportive housing providers and select the proposal deemed most effective to lease the facility for the operation of permanent supportive and affordable very low income housing for a minimum of ten years; and
 - d. Authorize the President & Chief Executive Officer, or designee, to execute contracts for the rehabilitation work and lease and operation of the facility for a minimum of ten years.

FISCAL CONSIDERATIONS: The current FY10 Budget contains \$2,477,287 of HOME funds, \$1,097,478 of FY 2009 CDBG funds awarded by the City, \$14,956 of Cal State Housing Trust Funds and \$45,866 of Local Housing Trust funds that will be committed for this project with an auditor's certificate.

REPORT CONTACT: Cissy Fisher 619.578.7585



SAN DIEGO
HOUSING
COMMISSION

REPORT

DATE ISSUED: May 28, 2010

REPORT NO: HCR 10-084

ATTENTION: Chair and Members of the Housing Commission
For the Agenda of June 18, 2010

SUBJECT: Rehabilitation of Parker-Kier Building

COUNCIL DISTRICT: 2

REQUESTED ACTION:

Approve and seek Housing Authority approval as required for the actions necessary to complete rehabilitation of the Parker-Kier property (located at 2172 Front Street) and continue its use for permanent supportive and very low income housing.

STAFF RECOMMENDATION:

1. Approve the following actions supporting the Parker-Kier Rehabilitation that do not require Housing Authority approval:
 - a. Select Overland, Pacific, & Cutler, the lowest of three bidders, to carry out relocation activities required in preparation for the Parker-Kier rehabilitation;
 - b. Issue a Request for Qualifications for architects with expertise in specialized areas and select the most responsive to prepare detailed specifications for the Parker-Kier rehabilitation; and
 - c. Authorize the CEO, or designee, to execute contracts for relocation and for architectural consulting.
2. Approve and seek Housing Authority approval for the following actions supporting rehabilitation of the Housing Commission-owned Parker-Kier Building (Del Mar Apartments) and its continued use for permanent supportive and affordable very low income housing:
 - a. Allocate up to \$3,635,587 of Community Development Block Grant (CDBG), HOME, Cal State and Local Housing Trust funds for rehabilitation and ancillary costs;
 - b. Solicit bids for the rehabilitation work and accept the most responsive bid;
 - c. Solicit proposals from supportive housing providers and select the proposal deemed most effective to lease the facility for the operation of permanent supportive and affordable very low income housing for a minimum of ten years; and
 - d. Authorize the President & Chief Executive Officer, or designee, to execute contracts for the rehabilitation work and lease and operation of the facility for a minimum of ten years.

SUMMARY:

The Housing Commission acquired the Parker-Kier Building, aka Del Mar Apartments, from the Port District in 1991. With a \$700,000 interest-free, forgivable loan from the City's Redevelopment Agency and a \$135,000 State grant for seismic retrofit, the Housing Commission completed essential rehabilitation to correct safety hazards and repair basic systems. The historically significant three-story structure, which contains 33 studios and one-bedroom units, is believed to have been built around 1908. It is located west of Balboa Park, at 2172 Front Street, in the Uptown Community.

In 1998, the Housing Commission entered into a ten-year lease with The Association for Community Housing Solutions (TACHS), a major provider of permanent supportive housing in San Diego. TACHS used 22 units on the lower two floors to operate permanent supportive housing, with the assistance of federal Shelter Plus Care (S+C) funds, and rented 11 rooms on the top floor to very low income tenants (up to 50 percent of Area Median Income, \$32,400 for a two-person household).

Prior to TACHS' occupancy, the Housing Commission loaned TACHS \$45,000 and also expended \$270,321 for improvements to ready the property for the intended use. The lease and a Residual Receipts note on the loan called for repayment of the Housing Commission's expenditures, to the extent possible, out of residual receipts and remaining reserves.

When the lease with TACHS expired in 2008, it was continued on a month-to-month basis while staff negotiated with TACHS regarding their future occupancy of the property, including the possibility that they might acquire it. However, in November 2009, TACHS gave notice of its intention to vacate Parker-Kier effective December 31, 2009 (Attachment 1). The Housing Commission and TACHS have been working together to continue serving residents on an interim basis. TACHS is currently providing services at Parker-Kier pursuant to an S+C contract with the Housing Commission. Since the S+C funds used at Parker-Kier were not project-based, TACHS has gradually placed program participants in other supportive housing facilities as units have become available. Eight of the eleven very low income residents on the third floor remain in place.

Upon departure from the Parker-Kier property, TACHS remitted \$111,420, a combination of reserves and residual receipts, to the Housing Commission, in accordance with the lease. An additional Certificate of Deposit for approximately \$67,000 is forthcoming. This \$178,000 repays the \$45,000 loan to TACHS, plus accrued interest, and a portion of the 1998 tenant improvements which the Housing Commission funded.

The objectives of the proposed rehabilitation are to correct deficiencies that were postponed in the earlier rehabilitation efforts; bring the property into compliance with current codes and regulations; upgrade all units and common areas to current standards; provide meeting facilities; and improve energy efficiency. (Attachment 2 is a summary, with estimated costs, of the proposed rehabilitation.)

Because of the sensitive nature of working on an historic property such as Parker-Kier and the number and type of specialty areas involved, staff proposes to issue a Request for Qualifications for architectural consulting services, including preparation of detailed construction documents, providing expert advice on qualified specialty subcontractors (for items such as fire-escape renovation, reactivation of an elevator to increase accessibility, and installation of solar hot water and electricity systems).

To achieve the rehabilitation as efficiently as possible, any remaining residents will be temporarily relocated off-site. Staff solicited bids from three providers of relocation services. The lowest bid was \$28,000 from Overland Pacific & Cutler, Inc. (OP&C), an experienced contractor that has provided services to the Housing Commission on previous occasions. In addition, OP&C's estimate of the cost to house the very low income third-floor residents off-site for the four months contemplated for the rehabilitation is \$54,000. Both amounts are factored into the cost estimate, Attachment 2.

It is recommended that after rehabilitation the property again be leased to a supportive housing provider, since supportive housing is a high-priority need and the property accommodates it well. At least the first and second floors, totaling 22 units, would accommodate persons with very low income who need permanent supportive housing. The eleven units on the third floor could be added to the supportive housing total if a source for an operating subsidy is identified. If not, it is recommended that the units again be rented to persons of very low income who do not require supportive housing.

FISCAL CONSIDERATIONS:

The current FY10 Budget contains \$2,477,287 of HOME funds, \$1,097,478 of FY 2009 CDBG funds awarded by the City, \$14,956 of Cal State Housing Trust Funds and \$45,866 of Local Housing Trust funds that will be committed for this project with an auditor's certificate.

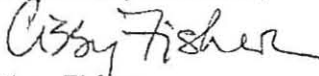
KEY STAKEHOLDERS & PROJECTED IMPACTS:

The current remaining residents and potential new residents of Parker-Kier and the Housing Commission, as owner, are the major stakeholders. Rehabilitation will enable this property to continue serving persons in need of permanent supportive housing and will preserve a Housing Commission asset well into the future.

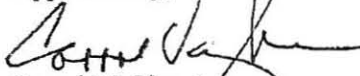
ENVIRONMENTAL REVIEW:

This activity is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 (existing facilities) and Section 15331 (historical resources restoration) of the State CEQA guidelines. The activity is also determined to be Categorical Excluded from the National Environmental Policy Act pursuant to 24 CFR 58.35(a)(3)(ii).

Respectfully submitted,


Cissy Fisher
Vice President
Special Housing Initiatives

Approved by,


Carrol M. Vaughan
Executive Vice President &
Chief Operating Officer

Attachments: 1. Letter from TACHS
2. Rehabilitation Scope of Services Summary and Cost Breakdown

Hard copies are available for review during business hours in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1



The Association For Community Housing Solutions

Creating Housing Opportunities, Creating Homes, Creating Hope

November 23, 2009

Mr. Richard Gentry
Chief Executive Officer
San Diego Housing Commission
1122 Broadway Suite 300
San Diego, CA 92101

RE: Del Mar Apartments (Parker-Kier Building) – 2172 Front Street, San Diego, CA

Dear Mr. Gentry:

After careful consideration and lengthy review by our Executive Team and Board of Directors, The Association For Community Housing Solutions (TACHS) hereby submits to you our 30-day notice to terminate our relationship with the San Diego Housing Commission for use of your 34-unit Apartment Building known as the Del Mar Apartments, located at 2172 Front Street, San Diego, CA to be effective December 31, 2009.

As an organization, we have made significant contributions to providing permanent, supportive housing to San Diego's homeless, mentally ill community. This property helped us start that process. It saddens us, however, that after four years of collaboration on a rehabilitation plan for the building between our organizations (most of which was prompted by, or at the very least, requested by HC staff), the Housing Commission clearly now has a different agenda for the building.

We will notice our tenants of the transfer of management agents on December 1st. We will also work with our most needy tenants to see if they might possibly be able to be absorbed into one of our other properties, however, in the event we cannot do so, we would recommend that the Housing Commission establish a relationship with the mental health community to assist these tenants during the upcoming months following the transition.

In the event you would like to maintain the current TACHS on-site Property Manager, we ask that you work with our Executive Director to jointly facilitate the transfer of this employee. Our Executive staff will also work closely with you in the upcoming month to assure as smooth a transition for all involved as possible, including the more intricate details of utility bills, alarm monitoring codes, key transfer and all other items necessary to complete this process.

Please contact our Executive Director when you or your staff would be available to set up a time to discuss the details of the transition of the building.

Respectfully,

Louis Alonso
Chairman
TACHS Board of Directors

Cc: TACHS Board of Directors
Steve Snyder – SDHC
Cissy Fisher - SDHC

ATTACHMENT 2

Scope and Estimated Cost of Proposed Parker-Kier Rehabilitation

1. Preliminary/preparatory: architectural, engineering fees; temporary relocation of third-floor residents off-site; lead, asbestos testing & removal **\$ 478,800**
2. Interior improvements (three stories): update electrical system; recess electrical, plumbing systems; install suspended acoustical ceilings; level floors, remove steps within units; replace all kitchen, bath equipment & accessories; install new lighting fixtures, room heaters, ventilators, interior doors and entry door, flooring (carpet, sheet vinyl), window blinds, closet fittings; reactivate elevator; replace exterior door; paint **\$2,329,898**
3. Basement: provide accessibility for mobility-challenged; rough finish **\$ 175,000**
4. Exterior: repair, replace metal and wood fire escape, fencing, gate, fascia board; repair roof; install solar system; install intercom entry; paint; landscape **\$ 324,000**

Subtotal: \$3,307,698

Contingency: 327,889

TOTAL: \$3,635,587